GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2314
ANSWERED ON:14.03.2008
LOAN TO FARMERS
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Will the Minister of FINANCE be pleased to state:

(a) whether the existing loan amount to farmers by the banks is much less;

(b) whether this compels the farmers to go for loans to the money lenders and commission agents;

(c) if so, the reaction of the Government thereto;

(d) whether the Government proposes to double the existing credit limit for loan amount;

(e) if so, the details thereof; and

(f) it not, the reasons therefor?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (f): No, Sir. The details of targets set and achieved for the disbursement of loan to farmers by all banks during the years 2004-05 to 2007-08 have shown a continuous increase over year-on-year basis. The details are as follows:

(Rs. in crore)

Year	Target	Achievements
2004-05	1,04,500	1,25,306
2005-06	1,41,000	1,80,486
2006-07	1,75,000	2,29,400
2007-08	2,25,000	#1,62,701
2008-09	2,80,000	-

#Provisional figures upto December, 2007

Besides, the Government of India (GoI) has taken the following steps to ensure availability of timely and affordable credit for farm sector :

The Government of India (GoI) is providing interest subvention @ 2% per annum to Public Sector Banks, Regional Rural Banks (RRBs) and Cooperative Banks on their own funds and concessional refinance to Cooperative Banks and RRBs since Kharif 2006-07 to ensure Short Term crop loans upto Rs.3 lakh to famers at interest rate of @ 7% per annum at the ground level.

Commercial Banks and Regional Rural Banks have been successful in financing 50 lakhs new farmers during each of the last three year.

Banks have simplified the procedure for documentation for agricultural loans. Loans upto Rs.50,000/- have been made collateral and margin free and the requirement of 'No Dues Certificate' has been dispensed with.

Banks have been advised to provide all eligible farmers with Kisan Credit Cards.

Banks have been instructed to achieve financial outreach through provision of a General Credit Card to households, to open "No Frills" accounts with limited overdraft facilities, to extend financial outreach by utilizing services of Civil Society Organisations like Farmers Clubs, Non Governmental Organisations (NGOs), Post Offices as Business Facilitator/Business Correspondent, etc.